

Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2003/0134(COD)</p> <p>Procedure completed</p>	
<p>Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'</p> <p>Amending Directive 97/7/EC 1992/0411(COD) Amending Directive 98/27/EC 1996/0025(COD) Amending Directive 2002/65/EC 1998/0245(COD) Amending Regulation (EC) No 2006/2004 2003/0162(COD) See also 2008/2114(INI) See also 2013/2116(INI) Amended by 2018/0090(COD)</p> <p>Subject 4.60.06 Consumers' economic and legal interests</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	IMCO Internal Market and Consumer Protection		31/08/2004
		PSE BRESCO Mercedes	
	Former committee responsible		
	JURI Legal Affairs and Internal Market (Associated committee)		11/09/2003
		PSE GHILDOTTI Fiorella	
	Former committee for opinion		
	ENVI Environment, Public Health, Consumer Policy (Associated committee)		07/10/2003
		PSE WHITEHEAD Phillip	
Council of the European Union	Council configuration	Meeting	Date
	Competitiveness (Internal Market, Industry, Research and Space) 2653		18/04/2005
	Competitiveness (Internal Market, Industry, Research and Space) 2645		07/03/2005
	Education, Youth, Culture and Sport 2616		15/11/2004
	Competitiveness (Internal Market, Industry, Research and Space) 2583		17/05/2004
	Competitiveness (Internal Market, Industry, Research and Space) 2539		10/11/2003
European Commission	Commission DG	Commissioner	
	Health and Food Safety		

Key events			
18/06/2003	Legislative proposal published	COM(2003)0356	Summary
01/09/2003	Committee referral announced in Parliament, 1st reading		
10/11/2003	Debate in Council	2539	Summary

17/03/2004	Vote in committee, 1st reading		Summary
17/03/2004	Committee report tabled for plenary, 1st reading	A5-0188/2004	
19/04/2004	Debate in Parliament		
20/04/2004	Decision by Parliament, 1st reading	T5-0298/2004	Summary
15/11/2004	Council position published	11630/2/2004	Summary
18/11/2004	Committee referral announced in Parliament, 2nd reading		
02/02/2005	Vote in committee, 2nd reading		Summary
07/02/2005	Committee recommendation tabled for plenary, 2nd reading	A6-0027/2005	
23/02/2005	Debate in Parliament		
24/02/2005	Results of vote in Parliament		
24/02/2005	Decision by Parliament, 2nd reading	T6-0048/2005	Summary
18/04/2005	Act approved by Council, 2nd reading		
11/05/2005	Final act signed		
11/05/2005	End of procedure in Parliament		
11/06/2005	Final act published in Official Journal		

Technical information

Procedure reference	2003/0134(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	<p>Amending Directive 97/7/EC 1992/0411(COD)</p> <p>Amending Directive 98/27/EC 1996/0025(COD)</p> <p>Amending Directive 2002/65/EC 1998/0245(COD)</p> <p>Amending Regulation (EC) No 2006/2004 2003/0162(COD)</p> <p>See also 2008/2114(INI)</p> <p>See also 2013/2116(INI)</p> <p>Amended by 2018/0090(COD)</p>
Legal basis	Rules of Procedure EP 57; EC Treaty (after Amsterdam) EC 095
Stage reached in procedure	Procedure completed
Committee dossier	IMCO/6/24996

Documentation gateway

Legislative proposal	COM(2003)0356	18/06/2003	EC	Summary
Document attached to the procedure	SEC(2003)0724	18/06/2003	EC	Summary
Committee draft report	PE338.449	26/11/2003	EP	

Economic and Social Committee: opinion, report		CES0105/2004 OJ C 108 30.04.2004, p. 0081-0085	28/01/2004	ESC	
Committee opinion	ENVI	PE337.053/DEF	06/02/2004	EP	
Committee report tabled for plenary, 1st reading/single reading		A5-0188/2004	17/03/2004	EP	
Text adopted by Parliament, 1st reading/single reading		T5-0298/2004 OJ C 104 30.04.2004, p. 0035-0260 E	20/04/2004	EP	Summary
Council statement on its position		14166/2004	08/11/2004	CSL	
Council position		11630/2/2004 OJ C 038 15.02.2005, p. 0001-0020 E	15/11/2004	CSL	Summary
Commission communication on Council's position		COM(2004)0753	16/11/2004	EC	Summary
Committee draft report		PE350.077	02/12/2004	EP	
Amendments tabled in committee		PE353.368	17/01/2005	EP	
Amendments tabled in committee		PE353.565	31/01/2005	EP	
Committee recommendation tabled for plenary, 2nd reading		A6-0027/2005	07/02/2005	EP	
Text adopted by Parliament, 2nd reading		T6-0048/2005 OJ C 304 01.12.2005, p. 0275-0351 E	24/02/2005	EP	Summary
Commission opinion on Parliament's position at 2nd reading		COM(2005)0096	15/03/2005	EC	Summary
Commission response to text adopted in plenary		SP(2005)1076/2	31/03/2005	EC	
Draft final act		03616/2005	11/05/2005	CSL	
Non-legislative basic document		COM(2013)0139	14/03/2013	EC	Summary
Follow-up document		COM(2013)0138	14/03/2013	EC	
For information		SWD(2016)0163	26/05/2016	EC	

Additional information

European Commission

[EUR-Lex](#)

Final act

[Directive 2005/29](#)
[OJ L 149 11.06.2005, p. 0022-0039](#) Summary

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

The European Commission indicated in 2002 its commitment to developing impact assessment of new proposals. This document begins by looking at the data related to the under-development of the consumer dimension of the internal market, and the barriers that hold such development back. There is fragmented regulation on unfair commercial practice. The Commission made a proposal (please see the document of 18/06/03.) the objectives of which are: - ensure that consumers are not treated unfairly by businesses, and in particular that they

are not subjected to either misleading or aggressive behaviour from traders or otherwise have their freedom of choice impaired; - ensure that legitimate businesses are able to market cross-border and on a pan-EU basis without having to change their business strategies or incur undue costs. The problems could not be addressed without changes to legislation. Two approaches were then examined, and the favoured approach selected following further consultation and analysis of the likelihood of meeting the objectives. The precise content of the framework directive proposal, was then further refined and adjustments made to increase the positive and minimise negative impacts, for example by changing the approach to after-sale services, disclosure and codes of conduct. The final proposal: - fully harmonises at a high, common level of protection in which consumers can have confidence - establishes EU-wide conditions for identifying 'unfairness', replacing existing divergent general clauses - provides legal certainty through an internal market clause, unfairness categories and a blacklist of prohibited practices - identifies a role for codes of conduct to maximise the positive impact of legal convergence. The main elements of the final proposal are therefore as follows: - a 'general prohibition' banning unfair practices, setting out conditions, including a material distortion of consumers' economic behaviour, for determining whether a commercial practice is unfair, and establishing the ECJ's average consumer as the benchmark consumer, except where a specific group of consumers is targeted. The proposal reflects the principle of proportionality by defining practices which are unfair and therefore problematic. It does not seek to impose positive fairness standards. It ensures that the impact on the average consumer rather than the weakest possible consumer is taken into account, unless a specific group is directly targeted. It specifies that a practice is only unfair if the effect on consumer's behaviour 'material', i.e. sufficiently significant to affect their decision in relation to a product. It also has an 'internal market clause' putting in place mutual recognition based on the law where the trader is established, for certainty and clarity. The Commission goes on to look at the more ambitious proposals that were rejected and discusses the reasons for this. It also looks at the trade-offs involved. The most important trade-off is the balance to be struck between consumer protection and business freedom concerning the benchmark consumer to be used in determining what is an unfair practice. In some Member States, the benchmark for judging the misleading nature of an advertisement is a more credulous consumer than average. In most Member States the benchmark is the average consumer, and this is what the Commission selected. The Commission has concluded that sufficient evidence exists to justify proceeding with a proposal now. There is evidence: - that internal market barriers exist arising from unfair commercial practices and their regulation; - that these barriers cause problems for real-life businesses and consumers, and will continue to do so even if other internal market barriers are addressed; and - that the approach selected is an effective way of meeting the twin objectives of reducing deterrents to businesses and consumers' lack of confidence, and doing so in a way which meets the requirements of better regulation. A related proposal for a regulation on administrative co-operation will further increase the positive impacts of the framework directive and, in turn, this directive will make it easier for that proposal to realise its potential by providing a simpler, common legal framework for enforcers.?

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

PURPOSE : to present a proposal for the Unfair Commercial practices directive and amending directives 84/450/EEC, 97/7/EC and 98/27/EC.
CONTENT : the Commission's research has indicated that there are appreciable internal market barriers and distortions of competition which arise from unfair commercial practices as well as the barriers arising from their fragmented regulation across the Member States. The Green Paper on EU Consumer Protection first outlined the case for reform of EU consumer protection legislation to tackle barriers to cross-border provision of goods and services to consumers. It identified a framework directive containing a general duty in relation to unfair commercial practices as a possible basis for reform. The Commission has concluded that a framework directive setting out general principles supplemented by specific sectoral legislation was the most appropriate tool. This conclusion is subject to the directive being based on a full harmonisation approach and containing provisions for mutual recognition based on the country of origin. It was found that: - 38% of businesses expected to increase their cross-border advertising and marketing budget as a result of harmonisation; - 46% of companies expect the proportion of their cross-border sales to increase with complete harmonisation of all regulations on advertising, commercial practices and other consumer protection regulations; - 10 million consumers would buy a lot more cross-border if they were equally confident about making purchases from traders in another EU country, and a further 70 million might buy a little more; - the introduction of a general principle of fair commercial practices in a framework directive will result in a decrease of costs, as will the combination of an adequate level of harmonisation and the application of the principles of mutual recognition and country of origin. The directive has the following key elements: - It defines the conditions that determine whether a commercial practice is unfair; it does not impose any positive obligations which a trader has to comply with to show he is trading fairly. - It contains an internal market clause which provides that traders have to comply only with the requirements of the country of origin and prevents other Member States from imposing additional requirements on those traders who do so (i.e. mutual recognition). - It fully harmonises EU requirements relating to unfair business-to-consumer commercial practices and provides an appropriately high level of consumer protection. This is needed to address the internal market barriers caused by divergent national provisions and to provide the necessary support to consumer confidence to make a mutual recognition approach workable. Member States will not be able to use the minimum clauses in other directives to impose additional requirements in the field co-ordinated by this Directive. - It contains a general prohibition. The general prohibition is the essential element of the Directive which achieves the harmonisation necessary to overcome the internal market barriers and ensure that a high, common level of protection is provided. It will do this by replacing the existing national general clauses in relation to unfair commercial practices between business and consumers and establishing more precise criteria for determining what is unfair than any existing national general clause. If this general prohibition were not included, Member States would be able to continue to apply their divergent general clauses. - It establishes the concept of the "average consumer", rather than the vulnerable or atypical consumer as the benchmark consumer. - It elaborates two key types of unfair commercial practice; those which are 'misleading' and those which are 'aggressive'. This means that a practice which is either 'misleading' or 'aggressive' as under the corresponding provisions is automatically unfair; if the practice is neither 'misleading' nor 'aggressive' the general prohibition will determine whether it is unfair. - For clarity and simplicity, it incorporates the misleading advertising Directive's B2C provisions (i.e. provisions dealing with advertising reaching or directed at consumers) and limits the scope of the existing Directive to business-to-business advertising (i.e. provisions dealing with advertising reaching or directed at business) and comparative advertising which may harm a competitor (by denigration, for example) but where there is no consumer detriment. ?

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

The Council held a policy debate on a proposal for a Directive concerning unfair commercial practices in the Internal Market. On the basis of the indications given in the debate, work will continue on this proposal, pending the European Parliament first reading which is expected by

April 2004. The following main key issues emerged from the Council's debate which was held on the basis of a questionnaire presented by the Presidency: - Delegations welcomed the principle of the Commission's proposal, provided that a higher level of consumer protection is ensured; - A number of delegations stressed the need to ensure consistency of the proposed Directive with existing parallel Community legislation, in particular with the Directive on misleading and comparative advertising; - Some delegations were in favour of extending the scope of this proposal to business-to-business practices while others considered that, at this stage, an extension to these practices which do not harm directly consumers would not be appropriate; - While some delegations considered the level of harmonisation was adequate, others expressed doubts about whether the provisions of the proposal are sufficient to protect the consumer. Several delegations also raised doubts about the wording of a number of definitions which, in their view, might create legal uncertainty and undermine the objective of full harmonisation that the Commission wants to achieve; - A majority of delegations recognised the interrelationship between this proposal and the proposed Regulation on sales promotions. However, several expressed a preference for continuing the work in parallel on both proposals, while stressing the importance of safeguarding the coherence of the two legislative proposals. The Commission stood by its proposal as presently formulated.?

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

The committee adopted the report by Fiorella GHILARDOTTI (PES, I) amending the proposal under the 1st reading of the codecision procedure. MEPs firstly wanted to amend the title of the directive, so as to include the term "cross-border". It would thus become the directive on unfair cross-border business-to-consumer commercial practices. Whereas the Commission proposal called for the directive to "approximate" the laws of the Member States in this field, the committee called for full harmonisation. The Commission text defines a commercial practice as unfair if, among other things, it "is likely to materially distort the economic behaviour with regard to the product of the average member of a particular group of consumers". MEPs adopted an amendment defining the term "particular group of consumers" as referring to a group of consumers with distinct non-economic characteristics such as those who are "vulnerable as a result of age, disability, physical or mental conditions or level of literacy". The term should also cover "consumers addressed by traders who have specific knowledge in the sector enabling them to understand a specialist commercial communication". Turning to misleading commercial practices, the committee voted that "advertorials" (articles or features which are published in exchange for payment) should comply with the directive "if the marketers rather than the publishers control their content". It added that traders and publishers should make it clear that such features are in fact advertisements, for example by heading them "advertisement feature". ?

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

The European Parliament adopted a resolution drafted by Fiorella GHILARDOTTI (PES, I) and made several amendments to the proposal: - Parliament sought to further define the scope of the Commission proposal on unfair business-to-consumer commercial practices. Whereas the Commission proposal stated that the directive would apply to unfair commercial practices before and after a commercial transaction in relation to any product, the Parliament amended the proposal to say that it shall apply "to consumers transactional decisions even where these decisions do not result in a contract between the consumer and a trader". - Turning to misleading commercial practices, Parliament voted in favour of including a number of new definitions of those, currently absent from the Commission proposal. Parliament's view of misleading commercial practices includes the use of artificially high reference prices as the basis to grant discounts thereby giving consumers the false impression of a price advantage; promoting a product similar to that made by a particular manufacturer in a way that implies the product was made by the same manufacturer; supplying goods or services to consumers who have not requested them, unless it is made clear that they are free; advertising products in such a way as to disguise the commercial intent of the communication. Similarly the House felt that "advertorials" (articles or features published in exchange for payment) should comply with the directive "if the marketers rather than the publishers control their content". Furthermore traders and publishers must make it clear that such features are in fact advertisements, for example by heading them "advertisement feature". - Parliament voted to amend the Commission proposal by defining the term "particular group of consumers" as a group of consumers who have distinct characteristics such as vulnerability due to age, disability, physical or mental conditions and similar, all of which may influence their assessment or their reaction capacities. - Finally Parliament adopted an amendment stating that the Commission must report regularly to the Parliament and the Council on the application of the directive in the Member States and should put forward, every five years, a proposal for a revised list of commercial practices which are in all circumstances considered unfair.?

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

In general, the Council has followed the European Parliament Opinion and the Commission's position on such opinion. It has integrated in its common position 51 out of the 58 Amendments accepted by the Commission, either in whole or partly. It has also endorsed 4 amendments which the Commission had initially indicated it was unable to accept.

The common position represents a balance of concerns and interests with the main results of:

- maintaining the general prohibition of unfair commercial practices, with Annex I containing the list of those commercial practices which shall in all circumstances be regarded as unfair;
- retaining the proposed average consumer benchmark but with the inclusion of explicit provisions for the protection of the vulnerable consumer;
- deleting the country of origin clause originally proposed by the Commission;
- maintaining the clause of free circulation of services or goods whereby free circulation cannot be restricted for reasons falling within the field

approximated by this Directive;

- temporarily allowing Member States to apply national provisions within the field approximated by this Directive which are more restrictive or prescriptive than this Directive and which implement directives containing minimum harmonization clauses;
- clarifying the scope of the Directive notably in relation to certain professions, products or activities;
- inserting a review clause.

Of Parliament's 94 amendments, the Council accepted 7 without amendment, 48 in part or with drafting modifications and did not include 39 amendments in the common position.

The Council also rejected 7 amendments accepted by the Commission.

The other innovations introduced in the common position are:

- the adjustment of several definitions and a new definition of "transactional decision" is inserted and the definitions of "average consumer" and of "Community level code" are deleted;
- adjustments to the criteria for misleading actions;
- clarification of the status and content of the Annexes.

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

The Commission supports the Council's common position. It is in line with the aims and approach taken in the Commission's original proposal and endorsed by the Parliament. The common position reflects the spirit of all or part of 51 of the 58 amendments which were acceptable to the Commission in full, in part or with changes, and 3 amendments which the Commission had originally indicated it was unable to accept.

In particular:

- the common position retains the average consumer benchmark proposed by the Commission and supported by the Parliament as the 'default' benchmark against which the impact of potentially unfair commercial practices will be assessed. The drafting has been amended so that there is no longer a definition of the average consumer in the text, following concerns that this would prevent the concept from evolving in line with ECJ jurisprudence;
- the common position also makes specific provision for the protection of vulnerable consumers. This reflects the concern expressed in a number of Parliament amendments that the articulation between protection of the average consumer and of vulnerable consumers should be more explicit. The Commission can support these changes because they do not require an assessment of each individual's circumstances, which would be unworkable. They do ensure that vulnerable consumers can be protected when they are particularly at risk while safeguarding legitimate advertising practices, such as statements which are not meant to be taken literally;
- the Council adjusts the concept of professional diligence to incorporate the concept of good faith and refers to the standard of skill and care that a trader may reasonably be expected to exercise;
- it includes a definition of 'transactional decision' to clarify what is included within a consideration of the consumer's 'economic behaviour';
- on the choice of law, the Commission's proposal had included a provision specifying that the law of the country where the trader was established would always be the applicable law (i.e. a choice of law rule). The Parliament's amendment had proposed excluding the rules which determine the law applicable to non-contractual obligations from this provision. The Commission had indicated that this amendment was not acceptable because it could have the effect of making traders subject to the public law requirements of one country and, simultaneously, under the laws governing international private law, the law of another member state. In the common position, the choice of law rule was deleted in part because of most Member States' concern that in cross-border disputes consumers could be disadvantaged if the law of the trader were applied. The Commission does not share these concerns because of the full harmonisation and the high level of consumer protection achieved in the proposal. However, the Commission does not consider it essential to insist on this point in this particular case given the considerable simplification arising from the full harmonisation and the consequent internal market benefits. In line with normal practice, the applicable law in cross-border disputes will therefore be determined by the courts.
- the common position includes a temporary derogation for national laws based on the minimum clauses in existing directives, which reflects that proposed in Parliament's amendment. It also includes a clause calling for a review of the application of the directive after four years. The Commission is prepared to accept this derogation on the basis that it is limited and temporary, to enable Member States to manage the transition from minimum to full harmonisation.

The following declaration is annexed to the Commission's opinion:

The Commission can only agree to the deletion of article 4.1 of its proposal on the understanding that the present directive provides for a full harmonisation of the domain covered by the directive and that for this reason article 4.1 is not legally required to ensure the proper functioning of the internal market in this field. The practical implementation of this directive will be actively monitored by the Commission so as to achieve its uniform application.

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

The committee adopted the report by Mercedes BRESSO (PES, IT) modifying the Council's common position under the 2nd reading of the codecision procedure. One amendment specified that the 'blacklist' of misleading commercial practices attached to the directive is a single list which shall apply in all Member States and can only be changed by revising the directive.

MEPs added a number of definitions to the blacklist:

- promoting a product similar to that made by a particular manufacturer in a way that implies that the product was made by the same manufacturer;
- falsely claiming or creating the impression that the trader is not acting for purposes relating to his trade, business, craft or profession, or falsely representing oneself as a consumer;
- creating the false impression that after-sales service in relation to a product is available in a Member State other than the one in which the product is sold;
- systematic failure, on the part of insurers, to respond to "pertinent correspondence".

The committee also adopted an amendment aimed at ensuring that advertisements should not include a direct exhortation to children to buy a product.

Lastly, an amendment was adopted to ensure that "misleading omissions" would also include cases where a lack of clear information on the part of a trader "causes or is likely to cause the average consumer to take a transactional decision that he would not have taken otherwise".

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

The European Parliament adopted the report by Mercedes BRESSO(PES, IT) modifying the Council's common position. (Please refer to the summary dated 02/02/2005).

The report as adopted contains 19 amendments to the draft directive. To avoid going to conciliation, MEPs compromised on some of their initial proposals (68 in number) and withdrew others. The Council, which had already agreed to a majority of Parliament's 58 first reading amendments, made it clear that it would not accept some of the MEPs' resubmitted proposals. In particular, with regard to the 'common market' clause, the Council refused to reintroduce (as in the Commission's initial proposal and as favoured by certain MEPs) the 'country of origin' principle (under which the law of the Member State where the trader is established is applicable). This point serves to link this directive on unfair commercial practices to the services directive (now being debated by Parliament) and the text regulating sales promotions (currently blocked in Council over the 'country of origin' principle).

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

The Commission can accept all 19 amendments adopted by the European Parliament in full. They are the result of a compromise agreement reached between the European Parliament, Council and Commission during the second reading. The amendments are in line with the Commission's objectives for the proposal and maintain the balance of interests achieved in the common position.

Consumer protection: unfair business-to-consumer commercial practices. 'Unfair Commercial Practices Directive'

PURPOSE: the regulation of unfair business-to-consumer commercial practices and the amendment of Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation 2006/2004/EC of the European Parliament and of the Council (Unfair Commercial Practices Directive).

LEGISLATIVE ACT: Directive 2005/29/EC of the European Parliament and of the Council.

CONTENT: The Directive, which was proposed by the Commission in June 2003, aims to clarify consumers' rights and boost cross-border trading by harmonising EU rules on business-to-consumer commercial practices. The new legislation outlines 'sharp practices' which will be prohibited throughout the EU, such as pressure selling, misleading marketing and unfair advertising. Certain rules on advertising to children are also set out. Through this legislation, EU consumers will be given the same protection against aggressive or misleading marketing whether they buy locally or from other Member States' markets. Businesses will benefit from having a clear set of common EU rules to follow, rather than a myriad of divergent national laws and court case rulings, as has been the case until now.

ENTRY INTO FORCE: 12/06/2005.

DATE OF TRANSPOSITION: 12/06/2007.